

RESULTS FOR THE FIRST NINE MONTHS OF 2016

Advertising revenue for free-to-air channels down 0.9% Current operating profit of €46.6 million Group audience ratings improving since the back-to-school period

The TF1 Board of Directors, chaired by Gilles Pélisson, met on October 27, 2016 to close off the financial statements for the first nine months of 2016.

The results shown below are presented using the new segmental reporting structure adopted by the TF1 group. Definitions of the segments, details of how consolidated entities are allocated between the operating segments, and historical revenue and operating profit data have been available since April 21, 2016 on our corporate website: www.groupe-tf1.fr/en.

CONSOLIDATED FIGURES (€m)	Q3 2016	Q3 2015	Chg. €m	Chg.%	9m 2016	9m 2015	Chg. €m	Chg.%
Revenue	401.5	419.3	(17.8)	-4.2%	1,426.7	1,400.0	26.7	1.9%
TF1 group advertising revenue	294.5	307.5	(13.0)	-4.2%	1,064.6	1,082.2	(17.6)	-1.6%
Revenue from other activities	107.0	111.8	(4.8)	-4.3%	362.1	317.8	44.3	13.9%
Current operating profit/(loss)	(10.9)	9.5	(20.4)	ns	46.6	106.8 *	(60.2)	-56.4%
Operating profit/(loss)	(24.9)	6.4	(31.3)	ns	(22.1)	91.8 *	(113.9)	ns
Cost of net debt	(0.4)	0.1	(0.5)	ns	(1.0)	0.8	(1.8)	ns
Net profit/(loss) attributable to the Group	(13.2)	3.9	(17.1)	ns	(13.8)	64.9	(78.7)	ns

* Includes the gain arising on the deconsolidation of Eurosport France in Q1 2015 (€33.7m)

Consolidated revenue for the first nine months of 2016 amounted to €1,426.7 million (up €26.7 million), and comprised:

- group advertising revenue of €1,064.6 million (down 1.6%);
- revenue from other activities of €362.1 million, up €44.3 million or 13.9%. This year-on-year increase mainly reflects two contrasting factors:
 - o on the upside, the consolidation of Newen Studios with effect from January 1, 2016;
 - o on the downside, the effect of the deconsolidation of Eurosport France on March 31, 2015 and the resale of Rugby World Cup rights in the third quarter of 2015.

The Group made a **current operating profit** of €46.6 million in the first nine months of 2016, down €60.2 million year-on-year, mainly as a result of:

- the differential in the cost of major sporting events (€46.1 million in 2016, versus €7.8 million in 2015);
- the €33.7 million gain recognised in 2015 on the deconsolidation of Eurosport France.

In the nine months to end September 2016, the Group posted an **operating loss** of €22.1 million. This includes €68.7 million of non-current expenses, in line with what was announced at the start of the year and recognised in the first half:

- non-current expenses associated with the TF1 group transformation plan;
- the first-quarter operating loss of the LCI channel, which switched to freeview on April 5, 2016;
- the negative impact on the cost of programmes of the April 27, 2015 decree on co-production shares, which applies to productions of French drama;
- amortisation charged against intangible assets identified in the Newen Studios purchase price allocation.

The overall result was a **net loss attributable to the Group** of €13.8 million.

Audiences¹

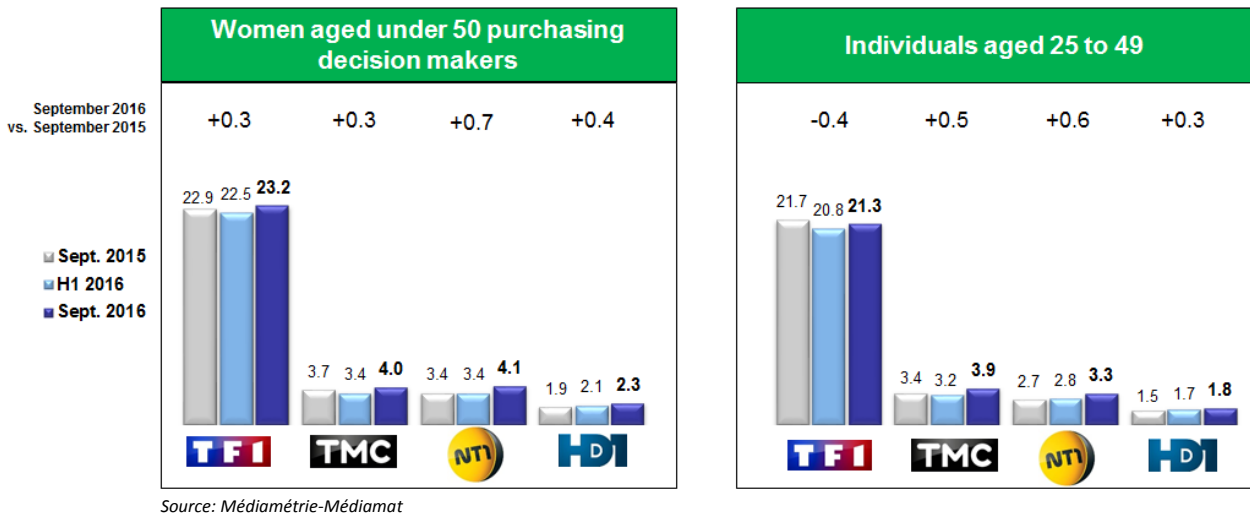
The TF1 group was France's leading private-sector broadcaster in the first nine months of 2016, with its five free-to-air channels having a combined audience share of 27.0% among individuals aged 4 and over (0.6 of a point less than in 2015, but in line with the first half of 2016). Among the target market of "women aged under 50 purchasing decision-makers" (W<50PDM), the audience share was 31.4%, down 0.5 of a point.

The summer season saw fierce competition in programming, largely due to the screening of major sporting events. Since the end of August, audience ratings among W<50PDM have risen for all of the Group's channels, confirming the validity of the multi-channel strategy and the investment in programme schedules over recent months. Among target audiences for advertisers, September was the best of the first nine months of 2016 (33.7% share of the key target market of W<50PDM, 30.5% of individuals in the 25-49 age bracket, and 28.2% of individuals aged 4 and over).

In September, the TF1 core channel enjoyed an audience share of 23.2%, with a 0.3-point rise among W<50PDM, boosted by the return of programmes like *Koh-Lanta* and *The Voice Kids*, the launch of the series *Blindspot* and the success of the drama *La Vengeance aux yeux clairs*, the launch of which was accompanied by an innovative digital offering.

The Group's DTT channels also achieved strong audience growth in September. The repositioning of TMC, illustrated by the launch of *Quotidien* on September 12, drove the channel's audience share among 25-49 year-olds to 3.9%, versus 3.4% in September 2015. NT1 and HD1 also improved their audience shares among W<50PDM, to 4.1% and 2.3% respectively. In September 2016, NT1 became the 4th most-watched national TV channel among W<50PDM.

LCI attracted an audience share of 0.4% in September among individuals aged 4 and over following the rollout of the channel's new schedules at the end of August.



The TF1 group is continuing with its multi-channel strategy, focusing on target markets for advertisers and strategic slots; it has maintained an average prime-time audience of 7 million² over the first nine months of 2016 while keeping the cost of programmes under control.

¹ Source: Médiamétrie. LCI: excludes pay-TV figures

² Source: Médiamétrie-Médiamat/Prime time slots, 9pm-10.45pm

Analysis by segment

€m	Q1 2016	Q1 2015	Q2 2016	Q2 2015	Q3 2016	Q3 2015	9m 2016	9m 2015	Chg.	Chg.%
Broadcasting	389.4	418.0	448.7	445.2	323.3	355.8	1,161.4	1,219.0	(57.6)	-4.7%
of which Free platforms	353.5	366.3	408.7	414.1	290.2	311.5	1,052.4	1,091.9	(39.5)	-3.6%
of which TV advertising	341.3	343.6	394.9	389.7	279.7	292.2	1,015.9	1,025.5	(9.6)	-0.9%
Studios & Entertainment	92.5	57.1	94.6	60.4	78.2	63.5	265.3	181.0	84.3	46.6%
Consolidated revenue	481.9	475.1	543.3	505.6	401.5	419.3	1,426.7	1,400.0	26.7	1.9%
Broadcasting	4.9	22.6 *	33.1	65.2	(16.5)	1.5	21.5	89.3	(67.8)	-75.9%
of which Free platforms	(3.5)	(18.6)	21.6	57.2	(25.6)	(5.1)	(7.5)	33.5	(41.0)	-122.4%
of which cost of programmes (including major sporting events)	(232.4) **	(243.5)	(265.4) **	(216.7)	(218.7) **	(212.9)	716.5 **	673.1	43.4	6.4%
Studios & Entertainment	9.9	5.5	9.6	4.0	5.6	8.0	25.1	17.5	7.6	43.4%
Current operating profit/(loss)	14.8	28.1	42.7	69.2	(10.9)	9.5	46.6	106.8	(60.2)	-56.4%

* Includes the gain arising on the deconsolidation of Eurosport France in Q1 2015 (€33.7m)

** Excludes €20.9 million (€15.3 million for Q1, €4.4 million for Q2 and €1.2 million for Q3) of non-current expenses relating to the co-existence of two different accounting treatments for French drama depending on whether it was produced before or after the decree of April 27, 2015 allowing broadcasters to own co-production shares in respect of their investments in independent productions

Broadcasting

Broadcasting segment revenue for the first nine months of 2016 amounted to €1,161.4 million, down €57.6 million year-on-year, of which €17.8 million was attributable to the deconsolidation of Eurosport France in the first quarter of 2015.

Advertising revenue for the five free-to-air channels during the first nine months of 2016 was down 0.9% year-on-year, due to summer audience figures and a disappointing advertising market in the back-to-school period.

The **cost of programmes for the Group's five free-to-air channels** (excluding non-current expenses of €20.9 million³) amounted to €716.5 million in the first nine months of 2016, and included:

- the cost of LCI programmes, with effect from that channel's switchover to freeview on April 5, 2016;
- the cost of screening all the Euro 2016 matches screened on the Group's channels (€46.1 million).

Excluding major sporting events and non-current expenses, the cost of programmes for the **five free-to-air channels** (including LCI) in the first nine months of 2016 was **€670.4 million**, versus **€665.3 million** for **four free-to-air channels** in the comparable period of 2015. This represents a fairly substantial year-on-year reduction on a like-for-like basis.

Digital activities developed fast in the first nine months of the year thanks to increased levels of interactivity and to advertising revenue from MYTF1. In September, the MYTF1 platform attracted 10.7 million unique visitors via ISP set top boxes⁴, the second highest figure for two years. It also achieved all of the top 30 audience ratings for the month, helped by a successful back-to-school period for TMC and NT1.

The TF1 group pioneered a new viewing model that allowed people to buy episodes of the drama *La Vengeance aux yeux clairs* before they were broadcast on television. Over 150,000 pay-to-watch VoD episodes (rent or buy) were consumed, illustrating the Group's ability to monetise digital content.

Current operating profit for the Broadcasting segment to end September was €21.5 million, down €34.1 million year-on-year on a like-for-like basis (i.e. excluding the €33.7 million gain on deconsolidation of Eurosport France recognised in the first quarter of 2015).

Studios & Entertainment

Over the first nine months of 2016, revenue and operating profit for the Studios and Entertainment segment rose by €84.3 million and €7.6 million respectively year-on-year. This revenue growth was due to the expansion of production activities via Newen Studios, and to a good performance from TF1 Entertainment that only partly offset weaker revenues from TF1 Studios and the home shopping business.

³ Non-current expenses relating to the accounting treatment of French drama screened in the first nine months of 2016, resulting from the decree of April 27, 2015.

⁴ Source: Médiamétrie-Mediamat / Catch-up viewing on TV sets via internet service provider set top boxes.

Financial position

Shareholders' equity attributable to the Group stood at €1,437.5 million as of September 30, 2016, out of a balance sheet total of €3,181.1 million.

The Group had a gross cash position of €372.2 million as of September 30, 2016, versus €355.3 million as of June 30, 2016, an increase of €17 million.

The net cash position as of September 30, 2016 was €148.1 million, after taking account of the option to buy out the 30% minority interest in Newen Studios and the net debt carried in the Newen Studios balance sheet.

Changes in share capital

Since the start of 2016, a total of 281,493 shares have been issued as the result of the exercise of stock options. Following purchases of TF1 shares made on the stock market under the share buyback programme, the Board of Directors approved the cancellation of 1,420,718 treasury shares.

After taking account of these movements, the number of shares and voting rights stands at 209,382,342, and the share capital is €41,876,468.40.

Outlook

The Group confirms its assumption of very slight growth in the TV advertising market over 2016 as a whole.

In terms of scheduling, the TF1 core channel is looking at a fourth quarter featuring further episodes of strong entertainment brands like *Koh Lanta* and *The Voice Kids*; a new season of *Danse avec les stars*; *Miss France*; launches of French drama series (*Emma*, *Coup de foudre à Jaipur*, *La Main du Mal*, *Louis(e)*, *Munch*) and American series such as *First Murder*, and a number of TV film premieres. Meanwhile, Group TF1 will continue to review the editorial line of its DTT channels.

The Group is revising its 2016 full-year estimate for the cost of programmes on the five free-to-air channels downward from €980 million to €970 million (excluding non-current expenses and major sporting events). The Group has implemented the first tranche of operational efficiencies under the "OneTransfo" plan, which is expected to generate additional savings of between €5 million and €10 million in 2016. These measures will be extended through 2017 via "Recover", a cost-saving plan with an expected full-year impact in the region of €25 million to €30 million, in response to a less favourable than anticipated environment. This plan applies across all of the cost base apart from the cost of programmes.

In addition, the Group is reiterating its 2016 full-year estimate for non-current expenses of €86 million, including €26 million of non-current expenses arising from the change in accounting treatment of French drama productions after the decree of April 2015.

The positive trends in audience ratings during September and the Group's ability to adapt its cost structure should lead to a full year 2016 in line with estimates.

TF1 Group goes on with its transformation plan, implying the implementation of its multi-channel strategy, with a particular focus on the relaunch of TMC, the development in production and digital, as well as the adaptation of the cost structure to take into account market trends.

The statutory auditors have conducted a review of the financial statements, on which they have issued an unqualified report. Our financial information report for the first nine months of 2016 is available on our corporate website: <http://www.groupe-tf1.fr/en/>.
A conference call is scheduled for October 27, 2016 at 6.30pm (Paris time).
Details of how to connect to the conference call are on our corporate website: <http://www.groupe-tf1.fr/en/investors>.

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